

DOCUMENT RESUME

C3796 - [A2794049]

[Request for Reimbursement of Expenses for Warranty on Property Incident to Employee Transfer]. B-189662. October 4, 1977. 3 pp.

Decision re: Vincent A. Crovetti; by Robert F. Keller, Deputy Comptroller General.

Issue Area: Personnel Management and Compensation: Compensation (305).

Contact: Office of the General Counsel: Civilian Personnel.

Budget Function: General Government: Central Personnel Management (805).

Organization Concerned: Drug Enforcement Administration.

Authority: F.T.R. (FEMR 101-7), para. 2-3.1-3. F.T.R. (PPMR 101-7), para. 2-6.2. 55 Comp. Gen. 779. 55 Comp. Gen. 783. B-175716 (1972). B-170571 (1971). B-187493 (1977).

Edwin J. Post, Chief, Accounting Section, Office of the Controller, Drug Enforcement Administration, requested a decision concerning an employee's claim for reimbursement for an insurance premium covering a 1-year operating warranty on his home which he sold incident to transfer. Regulations precluded reimbursement of insurance expenses except for mortgage title insurance, and these expenses were not essential to consummation of the real estate transaction. (HTW)

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**DECISION**



Johnnie Lupton  
Civ. Pers.  
**THE COMPTROLLER GENERAL  
OF THE UNITED STATES**  
WASHINGTON, D.C. 20548

FILE: B-189662

DATE: October 4, 1977

MATTER OF: Vincent A. Crovetti--One-Year Operating Warranty  
Expense Incident to Sale of Home

DIGEST: Employee sold his home in New Jersey incident to transfer and was required by realtor to provide 1-year operating warranty on property. Since all realtors in that area do not require such coverage and provisions of Federal Travel Regulations preclude reimbursement of insurance expenses, except for mortgage title insurance, employee may not be reimbursed for an expenditure not essential to the consummation of the real estate transaction. 55 Comp. Gen. 779, 783 (1976).

This action concerns a request for a decision from Mr. Edwin J. Post, Chief, Accounting Section, Office of the Controller, Drug Enforcement Administration (DEA), United States Department of Justice, on a reclaim voucher in the amount of \$195, submitted by Vincent A. Crovetti, an employee of DEA, for an insurance premium he paid covering a 1-year operating warranty on his home located in Monroe Township, New Jersey, which he sold incident to his official transfer of station.

The DEA disallowed the employee's original claim for home warranty insurance so it could obtain a ruling as to whether this expense satisfied the criteria of the Federal Travel Regulations (FTR) (FPMR 101-7) (May 1973) pertaining to relocation expenses.

Paragraph 2-3.1a of the FTR states that the miscellaneous expenses allowance authorized in paragraphs 2-3.2 and 2-3.3 of the FTR is intended to defray various costs associated with relocation. Paragraph 2-3.1c of the FTR provides that the miscellaneous expenses allowance shall not be used to reimburse "costs or expenses incurred for reasons of personal taste or preference and not required because of the move." (Emphasis added.) Similarly, FTR paragraph 2-6.2f provides for reimbursement of "[i]ncidental charges made for required services in selling and purchasing residences \* \* \* if they are customarily paid by the seller of a residence at the old official station [or by the buyer at the new station] \* \* \*." (Emphasis added.)

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Thus, the issue is whether the operating warranty was required for the sale of Mr. Crovetti's home.

The DEA has submitted a letter from the real estate agency handling the sale stating that it requires such insurance as a condition to entering into a listing agreement. Further, DEA has submitted correspondence from the Camden Area Office of the Department of Housing and Urban Development to the effect that such coverage is becoming a common requirement of real estate agencies in the New Jersey area, although such coverage is not required by Federal or State law. We do not find this information to be conclusive as to the issue before us. While this information indicates that a substantial number of real estate agents require such insurance as a condition of listing property, many agents do not have such requirement. Accordingly, such expenditure would be avoidable by the seller, if he chose an agent that did not require such insurance. In this connection, we have held that house sale expenses incurred at the election of the employee are not necessarily essential to consummation of the real estate transaction and are therefore not reimbursable. 55 Comp. Gen. 779, 783 (1976); B-175716, July 5, 1972; and B-170571, November 16, 1971.

Moreover, we are of the opinion that the provisions of paragraph 2-6.2d, FTR, are directly controlling as to this claimed expenditure. This paragraph reads in pertinent part as follows:

"d. Miscellaneous expenses. \* \* \* The cost of a mortgage title policy paid for by the employee on a residence purchased by him is reimbursable but costs of other types of insurance paid for by him, such as an owner's title policy, a 'record title' policy, mortgage insurance, and insurance against damage or loss of property, are not reimbursable items of expense. \* \* \* Property taxes and operating or maintenance costs also are not reimbursable. \* \* \*"

The above-quoted regulation indicates that only certain kinds of expenditures are reimbursable. It specifically precludes the reimbursement of insurance expenses, except for mortgage title policies, to the purchaser. Hence, the insurance expenses in

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question may not be reimbursed to the seller. Moreover, since the insurance in question is to provide protection against future maintenance costs, reimbursement would also be precluded by the provision excluding maintenance costs. See for example B-187493, April 1, 1977.

Accordingly, there is no legal authority under which Mr. Crovetti may be reimbursed his \$195 insurance premium expenditure for the 1-year operating warranty on the home which he sold.

  
Deputy Comptroller General  
of the United States